



House of Representatives

File No. 641

General Assembly

February Session, 2014

(Reprint of File No. 3)

House Bill No. 5023
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 21, 2014

AN ACT CONCERNING PORTABLE ELECTRONICS INSURANCE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2014*) (a) As used in this
2 section:

3 (1) "Portable electronics insurance" means insurance coverage for
4 the repair or replacement of a portable electronic device because of
5 loss, theft, inoperability due to mechanical failure, malfunction,
6 damage or other similar causes of loss. "Portable electronics insurance"
7 does not include (A) an extended warranty, as defined in section 42-
8 260 of the general statutes, as amended by this act, (B) an insurance
9 policy covering a seller's or manufacturer's obligations under a
10 warranty, or (C) a homeowners, renter's or other insurance policy that
11 includes coverage similar to portable electronics insurance;

12 (2) "Portable electronic device" means any self-contained, easily
13 carried electronic equipment for personal use for communicating,
14 viewing, listening, recording, playing video games, computing or
15 global positioning, including a cellular or satellite telephone, paging

16 device, personal global positioning system unit, portable computer,
17 audio listening or audio recording device, video viewing or video
18 recording device, digital camera, portable video game system,
19 telephone answering machine, docking or charging station for any
20 portable electronic device, and other similar device. "Portable
21 electronic device" includes accessories for and services related to the
22 use of such devices;

23 (3) "Buyer" means a person who leases or purchases a portable
24 electronic device;

25 (4) "Enrolled buyer" means a buyer who elects coverage under a
26 portable electronics insurance policy;

27 (5) "Insurance producer" has the same meaning as provided in
28 section 38a-702a of the general statutes;

29 (6) "Insurer" has the same meaning as provided in section 38a-1 of
30 the general statutes;

31 (7) "Location" means any physical location in this state or any
32 Internet web site or call center site directed at residents of this state;

33 (8) "Portable electronics transaction" means the lease or sale of a
34 portable electronic device by a seller to a buyer;

35 (9) "Seller" means a person in the business of direct or indirect
36 portable electronics transactions; and

37 (10) "Supervising entity" means a business entity licensed as an
38 insurer in this state and authorized to write personal or commercial
39 risk insurance business in this state or an insurance producer licensed
40 in this state, appointed by an insurer to supervise such insurer's
41 portable electronics insurance program.

42 (b) (1) No seller shall offer or sell portable electronics insurance in
43 this state without obtaining a portable electronics insurance license
44 from the Insurance Commissioner as set forth in this subsection, except

45 that a seller offering or selling portable electronics insurance in this state
46 prior to October 1, 2014, may continue to offer or sell such insurance
47 while the application from the Insurance Commissioner is pending and
48 during the application process. Such license shall authorize any
49 employee or authorized representative of such seller to offer or sell
50 portable electronics insurance at each location where the seller engages
51 in portable electronics transactions.

52 (2) No such employee or authorized representative shall be required
53 to be licensed under chapter 701a of the general statutes, provided:

54 (A) The seller obtains and maintains such portable electronics
55 insurance license;

56 (B) The insurer issuing a portable electronics insurance policy to the
57 seller or a supervising entity of such insurer supervises the
58 administration of the seller's portable electronics insurance program;
59 and

60 (C) No such employee or authorized representative holds himself or
61 herself out as a licensed insurance producer.

62 (3) (A) (i) Any seller seeking to obtain a portable electronics
63 insurance license shall submit an initial sworn application to the
64 Insurance Department on a form prescribed by the Insurance
65 Commissioner. Such application shall include (I) the name, residence
66 address and other information as said commissioner may require for
67 an employee or an officer of the seller that is designated by such seller
68 as the individual responsible for the seller's compliance with this
69 section. If the seller derives more than fifty per cent of its revenue from
70 the sale of portable electronics insurance, the seller shall include the
71 name, residence address and other information as said commissioner
72 may require of all the seller's shareholders who are directly or
73 indirectly the beneficial owner of ten per cent or more of any class of
74 security of such seller, and of all its officers and directors, and (II) the
75 address of the applicant's home office. Such application shall be
76 accompanied by the fees set forth in section 38a-11 of the general

77 statutes, as amended by this act. Each portable electronics insurance
78 license shall be valid for two years.

79 (ii) Any seller seeking to renew a portable electronics insurance
80 license shall submit to the Insurance Department any changes to the
81 initial application and any other information the Insurance
82 Commissioner may require and the renewal fee set forth in section 38a-
83 11 of the general statutes, as amended by this act.

84 (B) Any seller offering or selling portable electronics insurance in
85 this state prior to October 1, 2014, shall apply for a portable electronics
86 insurance license not later than ninety days after the Insurance
87 Commissioner makes the application for such license available. On
88 and after October 1, 2014, a seller seeking to offer or sell portable
89 electronics insurance in this state shall obtain such license prior to
90 offering or selling such insurance in this state.

91 (c) At each location where a seller offers or sells portable electronics
92 insurance to buyers, such seller shall make available to prospective
93 buyers brochures or other written materials that contain all of the
94 following:

95 (1) A disclosure that portable electronics insurance may duplicate
96 insurance coverage already provided by a buyer's homeowners,
97 renter's or other insurance policy;

98 (2) A statement that enrollment in portable electronics insurance is
99 not required for a buyer to lease or purchase a portable electronics
100 device;

101 (3) (A) The identity of the insurer issuing the portable electronics
102 insurance policy, (B) the identity of the supervising entity of such
103 insurer, if any, (C) the amount of any applicable deductible and a
104 summary of how such deductible is to be paid, (D) a summary of the
105 insurance policy benefits, and (E) a summary of key terms and
106 conditions of such insurance policy, including, but not limited to,
107 whether, under such insurance policy, portable electronic devices may

108 be repaired or replaced with similar make and model reconditioned or
109 nonoriginal manufacturer parts or equipment;

110 (4) A summary of the process for filing a claim, including a
111 description of how to return portable electronic devices and the
112 maximum fee applicable if the buyer fails to comply with any
113 equipment return requirements; and

114 (5) A statement that a buyer enrolled in a portable electronics
115 insurance policy may cancel the insurance certificate at any time and
116 that the person paying the premium will receive a refund of or a credit
117 for any applicable unearned premium.

118 (d) (1) If portable electronics insurance is included at no additional
119 charge with the lease or purchase of a portable electronic device, the
120 seller shall clearly and conspicuously disclose, in writing, to the buyer
121 that such insurance is included at no additional charge with the lease
122 or purchase of a portable electronic device.

123 (2) A seller may bill for and collect premium payments for portable
124 electronics insurance policies, provided:

125 (A) Any premium payment that is not included in the cost of the
126 lease or purchase of a portable electronic device is itemized separately
127 on the enrolled buyer's invoice; and

128 (B) The seller remits such premium payment to the insurer issuing
129 such insurance policy not later than sixty days after the seller receives
130 such payment. Such insurer shall not cancel an enrolled buyer's
131 certificate on the basis of nonpayment of premium if such enrolled
132 buyer timely pays such premium to the seller.

133 (3) A seller shall not be required to maintain premium payments
134 collected pursuant to this subsection in a segregated account if such
135 insurer authorizes the seller to commingle such payments. All such
136 premium payments collected shall be held by the seller in a fiduciary
137 capacity for the benefit of such insurer.

138 (4) A seller may receive compensation from such insurer for such
139 billing and collection services, as agreed to by such insurer and such
140 seller.

141 (e) (1) A portable electronics insurance policy shall not be issued,
142 sold or offered for sale unless such insurance policy is issued by an
143 insurer authorized to write such line of business in this state. Such
144 insurance policy may be issued as a group policy or a master
145 commercial inland marine policy to a seller for its enrolled buyers. An
146 insurer authorized to issue a portable electronics insurance policy in
147 this state shall file a copy of the form for such policy in accordance
148 with subsection (c) of section 38a-676 of the general statutes, as
149 amended by this act.

150 (2) An insurer that issues portable electronics insurance policies and
151 does not directly supervise the administration of a seller's portable
152 electronics insurance program shall appoint a supervising entity and
153 shall provide the name and contact information of such supervising
154 entity to the Insurance Commissioner and to any seller that offers or
155 sells such insurance policy to buyers.

156 (3) The supervising entity shall maintain a registry of seller locations
157 in this state that are authorized to offer or sell such insurer's portable
158 electronics insurance policies in this state. Upon request by the
159 Insurance Commissioner with at least ten days' notice, such
160 supervising entity shall make such registry available during the
161 regular business hours of such supervising entity to said commissioner
162 or said commissioner's designee for inspection and examination.

163 (f) (1) An enrolled buyer may cancel a portable electronics insurance
164 certificate at any time. Such cancellation may be (A) oral to the seller at
165 the location where such enrolled buyer elected such coverage or to a
166 telephone number specified for such purpose, or (B) in writing, which
167 writing shall be sent by United States mail or electronic means to (i) the
168 insurer that issued such insurance policy if such enrolled buyer pays
169 the premium to such insurer, or (ii) the seller if such seller collects the

170 premium payment for such insurance policy. Not later than three days
171 after a seller receives a cancellation, such seller shall notify, or forward
172 such cancellation to, the supervising entity or the insurer that issued
173 such insurance policy if such insurer has not appointed a supervising
174 entity. The supervising entity shall notify, or forward such cancellation
175 to, the insurer that issued such insurance policy. Such insurer shall
176 refund or arrange for credit any applicable unearned premium to be
177 provided, not later than sixty days after receiving such notice or
178 cancellation, to the person who paid the premium.

179 (2) (A) An insurer may cancel, terminate or change the terms and
180 conditions of a portable electronics insurance policy only upon
181 providing at least thirty days' written notice, sent by United States mail
182 or electronic means, to the seller policyholder and enrolled buyers. If
183 the insurer changes the terms and conditions of such insurance policy,
184 such insurer shall provide the seller policyholder with a revised
185 insurance policy or endorsement and each enrolled buyer with a
186 revised certificate, endorsement, updated brochure or other materials
187 that indicate a change in the terms and conditions of such insurance
188 policy and a summary of the material changes.

189 (B) An insurer may cancel, with at least fifteen days' written notice,
190 sent by United States mail or electronic means to the seller
191 policyholder and enrolled buyers:

192 (i) A portable electronics insurance policy for nonpayment of
193 premium by the seller policyholder or a portable electronics insurance
194 certificate for nonpayment of premium by an enrolled buyer. Such
195 seller policyholder or enrolled buyer may continue the coverage and
196 avoid the effect of the cancellation by payment in full at any time prior
197 to the effective date of cancellation. If an enrolled buyer timely made a
198 payment to the seller pursuant to subdivision (2) of subsection (d) of
199 this section, such insurer shall not cancel such enrolled buyer's
200 certificate for nonpayment of premium; or

201 (ii) A portable electronics insurance certificate for fraud or material

202 misrepresentation by the enrolled buyer in obtaining such insurance
203 coverage or in the presenting of a claim thereunder.

204 (C) An insurer may cancel a portable electronics insurance
205 certificate, effective immediately, (i) if an enrolled buyer ceases to have
206 an active service with the seller, or (ii) for exhaustion of the aggregate
207 limit of liability, if any, of such insurance coverage, provided the
208 insurer sends written notice of such cancellation by United States mail
209 or electronic means to such enrolled buyer not later than thirty days
210 after such buyer exhausts such limit. If such notice is not timely sent,
211 coverage shall continue notwithstanding the aggregate limit of liability
212 until the insurer sends such notice of cancellation to such enrolled
213 buyer.

214 (3) A seller may terminate a portable electronics insurance policy at
215 any time, provided such seller provides at least thirty days' written
216 notice prior to such termination, by United States mail or electronic
217 means, to the insurer issuing such insurance policy or to the
218 supervising entity of such insurer and to each enrolled buyer, of such
219 termination and the effective date of such termination.

220 (4) (A) Any written notices or correspondence sent pursuant to this
221 subsection or otherwise required by law shall be sent to, as applicable,
222 (i) the enrolled buyer at such enrolled buyer's last known mailing
223 address or electronic mail address on file with the insurer or the seller,
224 (ii) the insurer at such insurer's mailing address or electronic mail
225 address specified for such purpose, or (iii) the seller at such seller's
226 mailing address or electronic mail address specified for such purpose.
227 For purposes of this subsection, the provision of an enrolled buyer's
228 electronic mail address by such enrolled buyer to the insurer or the
229 seller shall be deemed consent by such enrolled buyer to receive such
230 notices or correspondence by electronic mail.

231 (B) Each insurer or seller that sends a written notice or
232 correspondence pursuant to this subsection shall maintain proof that
233 such notice or correspondence was sent for not less than three years

234 after such notice or correspondence was sent.

235 (C) A supervising entity may send a written notice or
236 correspondence pursuant to this subsection on behalf of the insurer or
237 a seller for which the insurer has issued a portable electronics
238 insurance policy. Such supervising entity shall maintain proof that
239 such notice or correspondence was sent for not less than three years
240 after such notice or correspondence was sent.

241 (g) The Insurance Commissioner may:

242 (1) Refuse to issue or renew, for cause, after notice and hearing, a
243 portable electronics insurance license. Any person aggrieved by the
244 action of the commissioner in disapproving or refusing to renew a
245 portable electronics license may appeal therefrom in accordance with
246 the provisions of section 4-183 of the general statutes, except venue for
247 such appeal shall be in the judicial district of New Britain; and

248 (2) Suspend or revoke a portable electronics insurance license and
249 impose a fine in addition to or in lieu of suspension or revocation, in
250 accordance with section 38a-774 of the general statutes. In addition, in
251 lieu of suspension or revocation, the commissioner may issue a cease
252 and desist order suspending the privilege of offering or selling
253 portable electronics insurance at specific locations of a seller or by
254 specific employees or authorized representatives of such seller.

255 Sec. 2. Section 38a-792 of the general statutes is repealed and the
256 following is substituted in lieu thereof (*Effective October 1, 2014*):

257 (a) (1) No person may act as an adjuster of casualty claims for any
258 insurance company or firm or corporation engaged in the adjustment
259 of casualty claims unless such person has first secured a license from
260 the commissioner, and has paid the license fee specified in section
261 38a-11, as amended by this act, for each two-year period or fraction
262 thereof. Application for such license shall be made as provided in
263 section 38a-769. [The commissioner may waive the requirement for
264 examination in the case of any applicant for a casualty claims adjuster's

265 license who is a nonresident of this state and who holds an equivalent
266 license from any other state.] Any such license issued by the
267 commissioner shall be in force until [the thirtieth day of] June thirtieth
268 in each odd-numbered year unless sooner revoked or suspended. The
269 [license] person may, [in] at the discretion of the commissioner, [be
270 renewed] renew the license biennially upon payment of the fee
271 specified in section 38a-11, as amended by this act. [The commissioner
272 may waive the examination required under section 38a-769, in the case
273 of an applicant who at any time within two years next preceding the
274 date of application has been licensed in this state under a license of the
275 same type as the license applied for.]

276 (2) The commissioner may waive the examination required under
277 section 38a-769, in the case of any applicant for a casualty claims
278 adjuster's license that (A) is a nonresident of this state or has its
279 principal place of business in another state, and holds an equivalent
280 license from any other state, or (B) at any time within two years next
281 preceding the date of application has been licensed in this state under
282 a license of the same type as the license applied for.

283 (b) The commissioner may prescribe reasonable regulations, in
284 accordance with the provisions of chapter 54, governing the licensing
285 of casualty claims adjusters and the adjustment of casualty claims.

286 (c) Any person who violates any provision of this section shall be
287 fined not more than two thousand dollars or imprisoned not more
288 than one year or both.

289 (d) The provisions of this section shall not apply to any: [member]

290 (1) (A) Individual who, for purposes of claims for portable
291 electronics insurance, as defined in section 1 of this act, only (i) collects
292 claim information from or furnishes claim information to insureds or
293 claimants, and (ii) conducts data entry, including data entry into an
294 automated claims adjudication system, provided (I) such individual is
295 an employee of a casualty insurance company licensed in this state, an
296 employee of a casualty claims adjuster licensed in this state or an

297 employee of an affiliate of such insurance company or adjuster, and
298 (II) not more than twenty-five such individuals are under the
299 supervision of a casualty claims adjuster licensed in this state or an
300 insurance producer who adjusts portable electronics insurance claims
301 and is licensed in this state. A licensed insurance producer who adjusts
302 portable electronics insurance claims or supervises individuals
303 pursuant to this subparagraph shall not be required to be licensed as a
304 casualty claims adjuster.

305 (B) For purposes of this subdivision, "automated claims adjudication
306 system" means a preprogrammed computer system, designed for the
307 collection, data entry, calculation and final resolution of portable
308 electronics insurance claims, that (i) is used only by a supervised
309 individual, a casualty claims adjuster licensed in this state or an
310 insurance producer licensed in this state, in accordance with
311 subparagraph (A) of this subdivision, and (ii) complies with all
312 applicable claims payment requirements under this title; or

313 (2) Member of the bar of this state in good standing who is engaged
314 in the general practice of the law.

315 Sec. 3. Subsection (a) of section 38a-11 of the general statutes is
316 repealed and the following is substituted in lieu thereof (*Effective*
317 *October 1, 2014*):

318 (a) The commissioner shall demand and receive the following fees:
319 (1) For the annual fee for each license issued to a domestic insurance
320 company, two hundred dollars; (2) for receiving and filing annual
321 reports of domestic insurance companies, fifty dollars; (3) for filing all
322 documents prerequisite to the issuance of a license to an insurance
323 company, two hundred twenty dollars, except that the fee for such
324 filings by any health care center, as defined in section 38a-175, shall be
325 one thousand three hundred fifty dollars; (4) for filing any additional
326 paper required by law, thirty dollars; (5) for each certificate of
327 valuation, organization, reciprocity or compliance, forty dollars; (6) for
328 each certified copy of a license to a company, forty dollars; (7) for each

329 certified copy of a report or certificate of condition of a company to be
330 filed in any other state, forty dollars; (8) for amending a certificate of
331 authority, two hundred dollars; (9) for each license issued to a rating
332 organization, two hundred dollars. In addition, insurance companies
333 shall pay any fees imposed under section 12-211; (10) a filing fee of
334 fifty dollars for each initial application for a license made pursuant to
335 section 38a-769; (11) with respect to insurance agents' appointments:
336 (A) A filing fee of fifty dollars for each request for any agent
337 appointment, except that no filing fee shall be payable for a request for
338 agent appointment by an insurance company domiciled in a state or
339 foreign country which does not require any filing fee for a request for
340 agent appointment for a Connecticut insurance company; (B) a fee of
341 one hundred dollars for each appointment issued to an agent of a
342 domestic insurance company or for each appointment continued; and
343 (C) a fee of eighty dollars for each appointment issued to an agent of
344 any other insurance company or for each appointment continued,
345 except that (i) no fee shall be payable for an appointment issued to an
346 agent of an insurance company domiciled in a state or foreign country
347 which does not require any fee for an appointment issued to an agent
348 of a Connecticut insurance company, and (ii) the fee shall be twenty
349 dollars for each appointment issued or continued to an agent of an
350 insurance company domiciled in a state or foreign country with a
351 premium tax rate below Connecticut's premium tax rate; (12) with
352 respect to insurance producers: (A) An examination fee of fifteen
353 dollars for each examination taken, except when a testing service is
354 used, the testing service shall pay a fee of fifteen dollars to the
355 commissioner for each examination taken by an applicant; (B) a fee of
356 eighty dollars for each license issued; (C) a fee of eighty dollars per
357 year, or any portion thereof, for each license renewed; and (D) a fee of
358 eighty dollars for any license renewed under the transitional process
359 established in section 38a-784; (13) with respect to public adjusters: (A)
360 An examination fee of fifteen dollars for each examination taken,
361 except when a testing service is used, the testing service shall pay a fee
362 of fifteen dollars to the commissioner for each examination taken by an
363 applicant; and (B) a fee of two hundred fifty dollars for each license

364 issued or renewed; (14) with respect to casualty claims adjusters: (A)
365 An examination fee of twenty dollars for each examination taken,
366 except when a testing service is used, the testing service shall pay a fee
367 of twenty dollars to the commissioner for each examination taken by
368 an applicant; (B) a fee of eighty dollars for each license issued or
369 renewed; and (C) the expense of any examination administered
370 outside the state shall be the responsibility of the entity making the
371 request and such entity shall pay to the commissioner two hundred
372 dollars for such examination and the actual traveling expenses of the
373 examination administrator to administer such examination; (15) with
374 respect to motor vehicle physical damage appraisers: (A) An
375 examination fee of eighty dollars for each examination taken, except
376 when a testing service is used, the testing service shall pay a fee of
377 eighty dollars to the commissioner for each examination taken by an
378 applicant; (B) a fee of eighty dollars for each license issued or renewed;
379 and (C) the expense of any examination administered outside the state
380 shall be the responsibility of the entity making the request and such
381 entity shall pay to the commissioner two hundred dollars for such
382 examination and the actual traveling expenses of the examination
383 administrator to administer such examination; (16) with respect to
384 certified insurance consultants: (A) An examination fee of twenty-six
385 dollars for each examination taken, except when a testing service is
386 used, the testing service shall pay a fee of twenty-six dollars to the
387 commissioner for each examination taken by an applicant; (B) a fee of
388 two hundred fifty dollars for each license issued; and (C) a fee of two
389 hundred fifty dollars for each license renewed; (17) with respect to
390 surplus lines brokers: (A) An examination fee of twenty dollars for
391 each examination taken, except when a testing service is used, the
392 testing service shall pay a fee of twenty dollars to the commissioner for
393 each examination taken by an applicant; and (B) a fee of six hundred
394 twenty-five dollars for each license issued or renewed; (18) with
395 respect to fraternal agents, a fee of eighty dollars for each license
396 issued or renewed; (19) a fee of twenty-six dollars for each license
397 certificate requested, whether or not a license has been issued; (20)
398 with respect to domestic and foreign benefit societies shall pay: (A) For

399 service of process, fifty dollars for each person or insurer to be served;
400 (B) for filing a certified copy of its charter or articles of association,
401 fifteen dollars; (C) for filing the annual report, twenty dollars; and (D)
402 for filing any additional paper required by law, fifteen dollars; (21)
403 with respect to foreign benefit societies: (A) For each certificate of
404 organization or compliance, fifteen dollars; (B) for each certified copy
405 of permit, fifteen dollars; and (C) for each copy of a report or certificate
406 of condition of a society to be filed in any other state, fifteen dollars;
407 (22) with respect to reinsurance intermediaries, a fee of six hundred
408 twenty-five dollars for each license issued or renewed; (23) with
409 respect to life settlement providers: (A) A filing fee of twenty-six
410 dollars for each initial application for a license made pursuant to
411 section 38a-465a; and (B) a fee of forty dollars for each license issued or
412 renewed; (24) with respect to life settlement brokers: (A) A filing fee of
413 twenty-six dollars for each initial application for a license made
414 pursuant to section 38a-465a; and (B) a fee of forty dollars for each
415 license issued or renewed; (25) with respect to preferred provider
416 networks, a fee of two thousand seven hundred fifty dollars for each
417 license issued or renewed; (26) with respect to rental companies, as
418 defined in section 38a-799, a fee of eighty dollars for each permit
419 issued or renewed; (27) with respect to medical discount plan
420 organizations licensed under section 38a-479rr, a fee of six hundred
421 twenty-five dollars for each license issued or renewed; (28) with
422 respect to pharmacy benefits managers, an application fee of one
423 hundred dollars for each registration issued or renewed; (29) with
424 respect to captive insurance companies, as defined in section 38a-91aa,
425 a fee of three hundred seventy-five dollars for each license issued or
426 renewed; (30) with respect to each duplicate license issued a fee of fifty
427 dollars for each license issued; (31) with respect to surety bail bond
428 agents, as defined in section 38a-660, (A) a filing fee of one hundred
429 fifty dollars for each initial application for a license, and (B) a fee of one
430 hundred dollars for each license issued or renewed; [and] (32) with
431 respect to third-party administrators, as defined in section 38a-720, (A)
432 a fee of five hundred dollars for each license issued, (B) a fee of three
433 hundred fifty dollars for each license renewed, and (C) a fee of one

434 hundred dollars for each annual report filed pursuant to section 38a-
435 720l; and (33) with respect to portable electronics insurance licenses
436 under section 1 of this act, (A) a filing fee of one hundred dollars for
437 each initial application for a license, (B) a fee of five hundred dollars
438 for each license issued, and (C) a fee of four hundred fifty dollars for
439 each license renewed.

440 Sec. 4. Subdivision (1) of subsection (a) of section 42-260 of the
441 general statutes is repealed and the following is substituted in lieu
442 thereof (*Effective October 1, 2014*):

443 (1) "Extended warranty" means a contract or agreement to either
444 perform or provide indemnification for the repair, replacement or
445 maintenance of a product because of operational or structural failure of
446 such product due to a defect in materials, skill or workmanship or
447 normal wear and tear given for consideration over and above the lease
448 or purchase price of a product. "Extended warranty" does not include
449 portable electronics insurance, as defined in section 1 of this act.

450 Sec. 5. Subsection (c) of section 38a-676 of the general statutes is
451 repealed and the following is substituted in lieu thereof (*Effective*
452 *October 1, 2014*):

453 (c) The form of any insurance policy or contract (1) the rates for
454 which are subject to the provisions of sections 38a-663 to 38a-696,
455 inclusive, other than fidelity, surety or guaranty bonds, or (2) subject to
456 section 1 of this act, and the form of any endorsement modifying such
457 insurance policy or contract under subdivision (1) or (2) of this
458 subsection, shall be filed with the Insurance Commissioner prior to its
459 issuance. The commissioner shall adopt regulations, in accordance
460 with the provisions of chapter 54, establishing a procedure for review
461 of such policy or contract. If at any time the commissioner finds that
462 any such policy, contract or endorsement is not in accordance with
463 such provisions or any other provision of law, the commissioner shall
464 issue an order disapproving the issuance of such form and stating the
465 reasons for disapproval. The provisions of section 38a-19 shall apply to

466 any such order issued by the commissioner.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</i>	New section
Sec. 2	<i>October 1, 2014</i>	38a-792
Sec. 3	<i>October 1, 2014</i>	38a-11(a)
Sec. 4	<i>October 1, 2014</i>	42-260(a)(1)
Sec. 5	<i>October 1, 2014</i>	38a-676(c)

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 15 \$	FY 16 \$
Insurance Department	GF - Revenue Gain	Less than \$5,000	Less than \$5,000

Municipal Impact: None

Explanation

The bill results in a revenue gain associated with new fees for portable electronics insurance licensure. The fees are \$100 for the initial application, \$500 for each license issued, and \$450 for each license renewed. As this is a new category of insurance licensure, it is not known how many entities would seek a license. However, it is anticipated that any revenue gain will be less than \$5,000.

House "A" made definitional and clarifying changes. There was no associated fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 5023 (as amended by House "A")******AN ACT CONCERNING PORTABLE ELECTRONICS INSURANCE.*****SUMMARY:**

This bill establishes licensing and regulatory requirements for portable electronics insurance. It requires a seller (i.e., one who leases or sells portable electronics) offering or selling portable electronics insurance in Connecticut to obtain a license from the insurance commissioner. It establishes the following fees: \$100 for filing an application for an initial license, \$500 for the initial license, and \$450 for a license renewal. Licenses are valid for two years.

The bill (1) requires sellers to make certain information about portable electronics insurance available to prospective buyers and (2) allows buyers, insurers, and sellers to cancel coverage under certain conditions.

The bill exempts specified portable electronics insurance claims employees from Connecticut's casualty claims adjuster licensing requirements. It also makes technical and conforming changes.

*House Amendment "A" (1) allows a seller who offers or sells portable electronic insurance before October 1, 2014 to continue to do so during the license application process, (2) allows the insurance commissioner to refuse to issue a portable electronics insurance license for cause, (3) eliminates a requirement that a business entity's officer certify its automated claims adjudication system complies with the bill, and (4) eliminates a restriction that limited the bill to battery-operated portable electronic devices.

EFFECTIVE DATE: October 1, 2014

§§ 1 & 3 — PORTABLE ELECTRONICS INSURANCE**§ 1(a) — Definitions**

The bill applies to insurance coverage for repairing or replacing a portable electronic device due to loss, theft, mechanical failure, malfunction, damage, or other similar causes of loss. It excludes an extended warranty; an insurance policy covering a seller's or manufacturer's obligations under a warranty; and a homeowners', renters', or other insurance policy that provides similar coverage.

A "portable electronic device" is any self-contained, easily carried electronic equipment for personal use for communicating, viewing, listening, recording, playing video games, computing, or global positioning. It includes a cellular or satellite telephone, paging device, personal global positioning system unit, portable computer, audio listening or recording device, digital camera, portable video game system, telephone answering machine, docking or charging station for a portable electronic device, and similar devices. It also includes accessories for, and services related to, the use of such devices.

§ 1(b)(1) & (2) — Seller Must Obtain License

The bill prohibits a seller from offering or selling portable electronics insurance in Connecticut without first obtaining a portable electronics insurance license from the insurance commissioner. The license must authorize the seller's employees or representatives to offer or sell portable electronics insurance at each of the seller's locations, including any physical location in Connecticut or Internet website or call center site directed at Connecticut residents.

The bill allows a seller offering or selling portable electronics insurance in Connecticut before October 1, 2014 to continue offering or selling it during the license application process (see below).

The seller's employees or representatives do not have to be individually licensed as insurance producers in the state if:

1. the seller obtains and maintains a portable electronics insurance

license,

2. the insurer providing coverage or its supervising entity oversees the administration of the seller's portable electronics insurance program, and
3. the employees and representatives do not hold themselves out as licensed insurance producers.

Under the bill, a "supervising entity" is a Connecticut-licensed (1) insurer authorized to write personal or commercial risk insurance here or (2) insurance producer appointed by an insurer to supervise the insurer's portable electronics insurance program.

§§ 1(b)(3) & 3 — Licensing Process and Fees

A seller seeking a portable electronics insurance license must submit a sworn license application to the Insurance Department on a form the commissioner prescribes, with a \$100 filing fee. The license application must include the (1) applicant's home office address and (2) name, residential address, and other information the commissioner may require for the seller's officer or employee who is responsible for the seller's compliance with the bill. If the seller derives more than half of its revenue from selling portable electronics insurance, the application must include the name, home address, and other information the commissioner may require for the seller's (1) shareholders who own 10% or more of its securities and (2) officers and directors.

A seller offering or selling portable electronics insurance in Connecticut before October 1, 2014 must apply for a license within 90 days after the commissioner makes the application available. Beginning October 1, 2014, a seller seeking to offer or sell such insurance here must obtain a license before doing so.

The bill requires the seller to pay a \$500 fee for the initial license. It specifies that a license is valid for two years. A seller who wants to renew a license must submit to the Insurance Department any changes to the initial application, other information the commissioner may

require, and a \$450 fee.

§ 1(g) — License Suspension, Revocation, and Refusal to Issue or Renew

The bill authorizes the commissioner, after notice and hearing, to suspend or revoke a portable electronics insurance license for cause. In addition to or in lieu of a suspension or revocation, the commissioner may impose a fine of up to \$5,000.

In lieu of a suspension or revocation, he may issue a cease and desist order suspending the seller's ability to offer or sell portable electronics insurance at specific locations or through specific employees or representatives.

The bill also authorizes the commissioner, after notice and hearing, to refuse to issue or renew a portable electronics insurance license for cause. An aggrieved person may appeal the commissioner's action to the New Britain Superior Court.

§1(c) & (d)(1) — Insurance Disclosure

The bill requires a seller, at each location where he or she offers or sells portable electronics insurance, to make specified information available to prospective buyers in writing. The information must disclose:

1. that portable electronics insurance may duplicate insurance coverage already provided by a buyer's homeowners', renters', or other insurance policy;
2. that a buyer need not buy portable electronics insurance to lease or purchase portable electronics;
3. how to file a claim, including how to return a portable electronic device, and the maximum fee if the buyer does not comply with the return requirements;
4. that a buyer of portable electronics insurance may cancel the coverage at any time and the person who paid the premium

may receive a refund of or credit for any applicable unearned premium;

5. the identity of the insurer and any supervising entity for the insurance program;
6. any applicable deductible and how the deductible is paid; and
7. a summary of the insurance benefits, key terms, and conditions, including whether portable electronic devices can be repaired or replaced with reconditioned devices of similar make and model or nonoriginal manufacturer parts or equipment.

Additionally, if the insurance is included at no charge with a portable electronic device lease or purchase, the seller must clearly and conspicuously disclose this in writing with the lease or purchase.

§ 1(d) — Premium Payments

The bill authorizes a seller to bill for and collect premium payments for portable electronics insurance if (1) premium payments are itemized separately on the buyer's invoice and (2) the seller remits premiums to the insurer within 60 days after collection.

The insurer may compensate the seller for this premium billing and collection service as mutually agreed. The seller can commingle premiums collected with other accounts if the insurer allows it to do so. But the seller must hold all premium payments collected in a fiduciary capacity for the benefit of the insurer.

§ 1(e) — Insurer and Supervising Entity

Portable electronics insurance cannot be issued, sold, or offered unless the policy is issued by an insurer authorized to sell that line of business in Connecticut. A portable electronics insurance policy may be issued as a group policy or master commercial inland marine policy to a seller for buyers who enroll in the insurance program (i.e., enrolled buyers). The insurer must file the policy form for the insurance commissioner's approval.

If a portable electronics insurer does not directly supervise the administration of a seller's insurance program, the insurer must appoint a supervising entity and provide the commissioner and the seller with the entity's name and contact information.

A supervising entity must maintain a registry of seller locations in the state authorized to offer or sell the insurer's portable electronics insurance policies here. The entity must make the registry available to the insurance commissioner or his designee for inspection and examination during regular business hours. The commissioner must provide 10 days' notice when making a request.

§ 1(f) — Cancellation Provisions and Insurer Policy Changes

The bill specifies that buyers, insurers, and sellers may cancel coverage under certain conditions. It also allows an insurer to change the policy terms with notice to the policyholders and enrolled buyers.

Buyers. The bill allows an enrolled buyer to cancel coverage under a portable electronics insurance certificate at any time orally or in writing. An oral cancellation must be made to the seller at the location where the buyer elected coverage or to a telephone number specified for the purpose. A written cancellation must be sent to the (1) insurer if the buyer pays premiums to the insurer or (2) seller if the buyer pays premiums to the seller.

If the buyer cancels coverage with the seller, the seller must notify the supervising entity or insurer of the cancellation within three days after receiving the cancellation from the enrolled buyer. If sent to the supervising entity, the entity must notify, or forward the cancellation to, the insurer.

The insurer must refund or credit any unearned premium to the person who paid the premium within 60 days after receiving a cancellation.

Insurers. The bill allows an insurer to cancel, terminate, or change the terms and conditions of a portable electronics insurance policy

after providing at least 30 days' written notice to the policyholders (i.e., sellers) and enrolled buyers. If the insurer is changing the policy terms and conditions, it must provide (1) the policyholder with a revised insurance policy or endorsement and (2) each enrolled buyer with a revised insurance certificate, endorsement, updated brochure, or other document summarizing the material changes.

An insurer may cancel a portable electronics insurance policy or certificate for nonpayment of premiums with 15 days' written notice to the policyholder and enrollees, respectively. A policyholder or enrollee may avoid cancellation by paying the premium due in full before the cancellation effective date. The bill prohibits an insurer from cancelling a buyer's insurance for nonpayment of premium if the buyer paid premiums on time to the seller (§ 1(d)(2)(B)).

Additionally, an insurer may cancel a portable electronics insurance certificate with 15 days' written notice to the policyholder and enrolled buyer for fraud or material misrepresentation by the enrolled buyer in obtaining the insurance coverage or in making a claim.

Lastly, an insurer may cancel an enrolled buyer's portable electronics insurance certificate immediately if the buyer (1) stops having service with the seller or (2) exhausts the insurance coverage limit, provided the insurer sends the buyer a written cancellation notice within 30 days after the buyer exhausts the coverage limit. If notice is not sent in time, coverage must continue regardless of the limit until the insurer sends notice to the enrolled buyer.

Sellers. The bill allows a seller to terminate a portable electronics insurance policy at any time if it provides at least 30 days' written notice before the termination to the insurer or supervising entity and each enrolled buyer. The notice must include the termination effective date.

Written Notices. All written notices referred to above must be sent by U.S. mail or electronically to the (1) buyer's last-known mailing or e-mail address on file with the insurer or seller and (2) insurer's or

seller's mailing or e-mail address specified for the purpose. An enrolled buyer who provides an insurer or seller with an e-mail address consents to receiving correspondence electronically.

Each seller, insurer, or supervising entity acting on behalf of an insurer or seller must keep, for at least three years, proof that the notices were sent.

§ 2 — CASUALTY ADJUSTER LICENSING EXEMPTION

The bill exempts certain portable electronics insurance claim employees from Connecticut's casualty claims adjuster licensing requirement. Unless exempt, no one may adjust casualty claims without a license from the insurance commissioner. The law already exempts Connecticut attorneys in the general practice of law who are in good standing. By law, a violator is subject to a fine of up to \$2,000, imprisonment for up to one year, or both.

Specifically, the bill exempts from the casualty claims adjuster licensing requirement a Connecticut-licensed insurance company's, casualty adjuster's, or affiliate's employee who collects or furnishes claim information and enters data into an automated claims adjudication system for portable electronics insurance claims. The employee must be one of no more than 25 such employees under the supervision of a licensed casualty claims adjuster or insurance producer who adjusts portable electronic insurance claims. The bill specifies that a licensed insurance producer acting under the bill does not have to be licensed as a casualty adjuster.

The bill defines "automated claims adjudication system" as a preprogrammed computer system designed for the collection, data entry, calculation, and resolution of portable electronics insurance claims. The system must (1) be used only by a supervised employee of a Connecticut-licensed casualty claims adjuster or insurance producer and (2) comply with all claims payment requirements under Connecticut law.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 19 Nay 0 (02/25/2014)